59 PET 15-2 LIBYA
XR PET 6 LIBYA

Department of State

TELEGRAM

EXCISE

287

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ACTION AF-18

INFO OCT-01 EUR-20 CIAE-00 DODE-00 FRB-05 H-02 INR-07 L-04
NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-20 USIA-12
AID-28 COM-08 EB-15 FRB-02 TRSY-11 XMB-06 STR-08 INT-06
IGA-02 NEA-13 RSR-01 /204 W
064796

R 100808Z JUL 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6568
INFO USINT ALGIERS
AMEMBASSY BENGHAZI
AMEMBASSY LONDON
AMEMBASSY ROME

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY Q DATE 8/7/81
PORTIONS DENIED AS INDICATED

C O N F I D E N T I A L TRIPOLI 1603

C O R R E C T E D C O P Y (TEXT)

SUBJ: NATIONALIZATION OF PETROLEUM DISTRIBUTION COMPANIES

REF: TRIPOLI 1573

1. SEVERAL OUTSTANDING PROBLEMS OUTLINED PARA 5 REFTEL HAVE BEEN RESOLVED OR CLARIFIED:

A) COMUNICATIONS: ESSO'S TELECOMMUNICATIONS RETURNED TO NORMAL LATE JULY 6. AFTER ESSO COMPLAINED TO LNOC ABOUT BLACKOUT.

B) EXPATRIATE EMPLOYEES: ESSO HAS MADE CLEAR TO LNOC THAT "FOREIGN PAYROLL STAFF" IN ITS FORMER MARKETING SUBSIDIARY, INCLUDING SIX AMERICANS, REMAIN ESSO EMPLOYEES AND RE BEING MADE AVAILABLE BY ESSO ONLY TO ASSIST WITH TRANSITION TO NEW MANAGEMENT. ESSO PLANS TO PHASE THESE EMPLOYEES OUT OF MARKETING OVER NEXT FEW MONTHS, AND PHASE-OUT ALREADY IS UNDERWAY.

C) COMPENSATION: AMBASSADOR RAISED NATIONALIZATION AND USG CONCERN THAT COMPENSATION BE PROMPT AND EFFECTIVE, WITH DEPUTY PRI-

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TRIPOLI 1603, 7-1070

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MIN JALLUUD DURING JULY 8 NEGOTIATING SESSION ON TERMINATION OF US-LIBYAN AGREEMENTS. NATIONALIZATION IDENTIFIED AS ONE OF MATTERS ON WHICH USG OBSERVING LARGO'S ACTIONS CLOSELY FOR INDICATION OF ITS INTENT TOWARD OUR FUTURE RELATIONS, BUT NATIONALIZATION WAS NOT RAISED IN MANNER REQUIRING DIRECT REPLY. LARGO NEGOTIATIONS NOTED AMBASSADORS REMARKS, BUT JALLUUD DID NOT COMMENT ON NATIONALIZATION IN HIS RESPONSE. SUBSEQUENTLY, PET OFF MADE SIMILAR POINT TO PETROLEUM U/S QUBLAAWI STRESSING USG INTEREST IN IMPLEMENTATION COMPENSATION PROVISION OF NATIONALIZATION DECREE. QUBLAAWI REPLIED THAT DECREE MADE CLEAR LARGO'S INTENT TO PROVIDE COMPENSATION AND THAT COMPENSATION COMMISSION WOULD BE FORMED SOON.

2. [redacted] PERHAPS BECAUSE OF ITS STATE OF SHOCK, LNOC HAS READILY AGREED TO ASSUME FINANCIAL OBLIGATIONS NECESSARY TO KEEP POL SUPPLIES MOVING FROM ESTABLISHED SOURCES. ESSO CONTINUING TO COOPERATE WITH LNOC WHILE WITHDRAWING FROM SUPPLY PLANNING AND OTHER FUNCTIONS AS SMOOTHLY AS POSSIBLE. ESSO AND OTHER FORMER MARKETERS ARE EVALUATING ASSETS TO PREPARE COMPENSATION CLAIMS. GP-4.

PALMER

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